



PIONEER VALLEY RAILROAD

A PINSLY RAILROAD

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The Pioneer Valley Railroad, which is a subsidiary of the Pinsly Railroad Company, has operated a shortline railroad between Westfield and Holyoke Massachusetts for over 25 years.

I would like to relate some real world experiences to you in relation to handling biofuel.

The Pioneer Valley Railroad until last year had been handling soy based B99 biofuel which was shipped from Renewable Energy for the last several years. This business was terminated because of the tragic demise of the operator of the Holyoke inland distribution terminal.

Currently Renewable Energy has the capacity to produce 262 million gallons of clean, reliable, soy based biofuel. As distribution facilities and market education has been lacking, they were only selling just under 800,000 gallons a year in the North East. That equates to .003 of their total production capacity.

When you look at most biofuel manufactures they have a rich history in agriculture which is great because they know how to grow and process feed stock in a very efficient way.

One analogy might compare Biofuel at this point to steak. It's valuable, it's good and we can grow a lot of it. The problem is that the farmers are doing a great job of growing the beef and sending it to be processed into steak, but it just out there sitting in the preverbal freezer. There are no real good systems in place to deliver it to the end user nor have consumers been taught to view steak as something desirable to eat. We need to create a distribution and marketing network now!

We can do this but it requires three things. The development of rail served terminals with storage and blending capabilities, a smoothly operating distribution network and public education as to the benefits of biofuel usage. We need rail because biofuel can not be effectively handled by petroleum pipelines because of its incredible cleansing properties.

You hear a lot of people having big plans to build bio-fuel production refineries in the Northeast which is great until you start looking at the bigger picture.

Currently the Midwest has vast areas of agricultural property which is available to grow bio feed stock. How much land can we afford to set aside to efficiently grow feed stock in New England? The plants are harvested and driven a short distance to the refinery where the soy beans are processed into B100 and glycerin which is used as animal feed and as an additive in some industrial products.

Only the product that is ready for sale is shipped by rail to an end user blending and distribution point. There is no wasted energy with this concept because only valuable, compact useable product is shipped. The residuals are left on site, not shipped!

Yes you can transport feed stock from the Midwest to New England for processing into biofuel. The problem is two fold in that you are paying a lot of money to ship a commodity that is not tightly packed together and quite a high percentage of it is considered residual which has very little value. The Midwest refineries will be the low cost provider ever time because of this product density factor in relation to transportation.

There are two distinct opportunities that can be developed today.

The first is the construction of rail served biofuels blending facilities for both diesel and home heating oil. It's the right thing to reduce our dependency on foreign oil and to make our environment cleaner and healthier. To accomplish this we need to convince the public to use B20 as it reduces demand for crude oil by 20%. That translates into 20% less imported oil. There seems to be a deep rooted concern that if a small distributor goes down the path of biofuel retailing, that they will be shunned by the rest of the industry. The fuel business is complex and is based on distribution relationships. It's very cold if you are on the outside looking in. We are capable of handling biofuel today but there are very few companies willing to purchase it.

The second opportunity is to serve the heavy oil market with bio#4 or bio#6 oils. The Brookhaven National Laboratory has successfully studied the use of bio # 4 in large scale boilers and they are currently beginning a study on bio #6.

We must do two things to make the usage of bio heavy oils a reality.

The first is the creation of a blending facility with an on site testing lab for mixture verification. In conjunction with Holyoke Gas and Electric and a private investment group we are prepared to build this facility if the State can provide some financial and regulatory assistance.

The second is a relaxing of EPA regulations for end users which currently prohibit the altering of boiler burner train equipment without re-permitting of existing grandfathered facilities. The owners of these facilities would be put in great financial peril if they were to loose there heavy oil burning permits. If this was allowed to take place we would foster an environment that would further erode our industrial base. This does not have to be the case. We can make these existing facilities burn clean hybrid bio/heavy oil tomorrow without making it cost prohibitive. We must be open minded about allowing innovative changes to be implemented.

As I see this we are dealing with three very powerful issues. Clean air, the economy and national security. We have the power to work together with industry to make sweeping changes which will make our nation as a whole, a better place to live and to do business in.

This is about Americans providing positive solutions for America to get out of the situation that we all allowed to happen. We have the power to change, let's use it!

The Pioneer Valley Railroad is committed to make a biofuels blending facility a reality in Holyoke. Any assistance that you can provide is greatly appreciated.

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